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BYSIEWICZ: 2ND QUARTER FIGURES SHOW CONNECTICUT BUSINESSES NOT SPARED FROM NATIONAL ECONOMIC DOWNTURN

HIGHEST NUMBER OF BUSINESSES SHUTTING DOWN 2000, LARGEST
DECREASE IN NEW BUSINESS STARTS IN EIGHT YEARS

Hartford: While recent national figures show the first economic contraction in America since 2001 and unemployment on the rise, Secretary of the State Susan Bysiewicz reported today that more Connecticut businesses shut their doors in the 2nd quarter of 2008 than any period since 2000. At the same time, numbers released today also showed that the first half of 2008 witnessed the largest decline in new business starts in 8 years.

“Businesses throughout the nation are struggling to cope with escalating energy prices, health care costs, and the national credit crisis,” said Secretary Bysiewicz, Connecticut’s chief business registrar, “and Connecticut’s businesses are no exception.”

Numbers released today by Secretary Bysiewicz reveal a steady decrease in Connecticut’s business starts. The second quarter of 2008 recorded less overall starts than the first, with 7, 214 total, a decrease of 766. In June, Connecticut businesses witnessed the lowest number of new business starts—2,333—of any month thus far in 2008. The numbers of new starts for each month has also declined steadily since January, save for a slight jump of 116 new starts from February to March. Such a marked downward trend has not been witnessed from month to month since at least 2000.

Comparing Connecticut's business starts over a 6-month period further elucidates Connecticut's economic troubles. The number of business starts in Connecticut during the first half of 2008 decreased by 1,411 relative to the same period of 2007 (16,618 and 15,207). There have been no annual decreases of this magnitude for the first half-year since before 2000.

The new numbers also indicate economic trouble for Connecticut's existing businesses. Connecticut witnessed a record number of business stops –2,999 – for the second quarter of 2008. This figure represents the highest number of stops for any first or second quarter since at least 2000. Only the second quarter of 2003 comes close to matching it, with 2,903 business stops on record.

While the new report seems to mirror the national recession of which economists warned, the numbers of business stops for the two most recent months, May and June, are significantly lower than the preceding two months on record. April 2008 had the highest stops so far – 1,294 – while May and June witnessed 861 and 844, respectively.

After reviewing Secretary of the State Bysiewicz's report, Don Keppler-Smith, Chief Economist and Director of Research for DataCore Partners LLC and chairman of Governor Jodi Rell's Council of Economic Advisors said, "There is every indication right now, indeed a growing body of evidence suggests, that we went into recession in the 4th quarter of 2007. Unfortunately, Connecticut is not immune from the headwinds we are seeing from the national downturn. Quite frankly, we've had signs that the credit crunch is taking on greater definition, meaning a more risk averse credit environment, banks and other financial institutions are increasingly cautious about lending. As a result, it's not too surprising that business starts would be tapering off and that business failures would be on the rise. It's consistent with the picture we're seeing nationally and across Connecticut."

In her own assessment of the report, Secretary Bysiewicz said, "It is clear that our state's business community is struggling to handle the increased costs and perils reflected in the instability of the national economy. Small business owners, who have created over 90% of all new jobs in Connecticut in the last 10 years are grappling with escalating energy prices, health care costs, and the national credit crisis. We must do all we can to improve the business climate in Connecticut and bring down some of these staggering costs."

Bysiewicz was a strong advocate for opening up the state employee health care plan to small businesses and non-profit organizations, an effort which would have saved millions for businesses but was vetoed by Governor Jodi Rell. As the Chief Business Registrar for the State of Connecticut, Secretary Bysiewicz administers a Small and Minority Business Services Unit which hosts several business showcase and development events throughout the year that have helped hundreds of businesses in Connecticut network and increase their marketing potential, as well as provide easy access to state and federal resources